

Honolulu, Hawaii

FEB - 8 2016

RE: S.B. No. 2440
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Water, Land, and Agriculture, to which was referred S.B. No. 2440 entitled:

"A BILL FOR AN ACT RELATING TO FARMS,"

begs leave to report as follows:

The purpose and intent of this measure is to create an exclusion from income tax for the first \$50,000 of income earned by farmers whose annual gross income is \$200,000 or less.

Your Committee received testimony in support of this measure from the Hawai'i Farm Bureau, Hawaii Cattlemens Council, and one individual. Your Committee received comments on this measure from the Department of Agriculture, Department of Taxation, and Tax Foundation of Hawaii.

Your Committee finds that the growth of small, diversified farming businesses adds to and diversifies Hawaii's economy. Your Committee finds that the creation of an exclusion from income tax for the first \$50,000 of income earned for such businesses will encourage the growth of new, small, and diversified farming businesses, will not significantly affect tax collections by the State, and will improve the long-term economic well-being of the State.

Your Committee has amended this measure by:

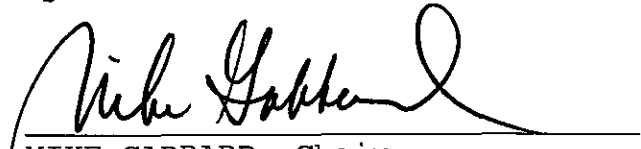
- (1) Deleting the word "annual" from the term "annual gross income";



- (2) Amending the term "farmer" to include gross income from the sale of farm products to customers in any location; and
- (3) Defining the term "farm products" as production from agricultural activities described in section 205-4.5(a)(1), (2), and (3), Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Agriculture that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2440, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2440, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Water, Land, and
Agriculture,


MIKE GABBARD, Chair



The Senate
Twenty-Eighth Legislature
State of Hawai'i

Record of Votes
Committee on Water, Land, and Agriculture
WLA

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">S B 2440</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">WLA, WAm</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">02-03-16</div>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"><input type="checkbox"/> Pass, unamended <small>2312</small></div> <div style="text-align: center;"><input checked="" type="checkbox"/> Pass, with amendments <small>2311</small></div> <div style="text-align: center;"><input type="checkbox"/> Hold <small>2310</small></div> <div style="text-align: center;"><input type="checkbox"/> Recommit <small>2313</small></div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	/			
NISHIHARA, Clarence K. (VC)	/			
DELA CRUZ, Donovan M.				/
RIVIERE, Gil	/			
RUDERMAN, Russell E.	/			
SHIMABUKURO, Maile S.L.	/			
THIELEN, Laura H.		/		
WAKAI, Glenn			/	
SLOM, Sam				/
TOTAL	5	1	1	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: ^ <div style="font-size: 1.2em; font-family: cursive; margin-top: 5px;">Clarence K. Nishihara</div>				
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*Only one measure per Record of Votes